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ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

IN THE MATTER OF THE APPLICATION OF PINEVIEW WATER COMPANY, INC. FOR APPROVAL OF AN INCREASE IN ITS WATER RATES.	DOCKET NO. W-01676A-08-0366 **NOTICE OF FILING LATE-FILED EXHIBITS**

The Utilities Division of the Arizona Corporation Commission ("Staff") hereby provides notice of filing of late filed exhibits. A hearing was held in this matter on February 4, 2010. At the conclusion of the hearing Staff was asked to provide the following in a filing submitted by February 18, 2010: (1) the amounts of water pumped and sold by Pineview Water Company ("Pineview" or "Company") in 2008,[1] (2) an explanation of the refund of service line and meter installation charges as discussed in A.A.C. R14-2-405(B), (3) an explanation of Times Interest Earned Ratio ("TIER") and Debt Service Coverage ("DSC") analyses in this matter,[2] and (4) final schedules representing Staff's final recommendations.[3]

I. TIER ANALYSIS, DISC ANALYSIS, AND INTEREST EXPENSE STAFF ADJUSTMENT.

At the hearing, Staff was asked to provide in its final schedules a TIER and DSC Ratio. When creating the TIER and DSC schedule, now located in Final Schedule JMM-20, Staff noted that interest expense had not been included in its tax calculation. Staff has updated Final Schedule JMM-2 and Final Schedule JMM-17 to reflect the interest expense of $48,352 that the Company paid during the test year.[4] Based on the results of the TIER and DSC, Staff's recommended revenue increase of $40,180 has not changed. However, Staff now recommends an operating margin of 12.18 percent, rather than 10.00 percent, which remains within Staff's generally-recommended range of 10

[1] Attachment 1.
[2] Attachment 2, Final Schedules JMM-2 and JMM-17.
[3] Attachment 2.
[4] Attachment 2, Final Schedules JMM-2, JMM-17, and JMM-30.

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to 15 percent for operating margin.[5] The pro forma TIER and DSC analyses show that, under Staff's recommended revenue, the Company would have adequate cash flow to meet all obligations including the new debt.[6]

II. SERVICE LINE AND METER INSTALLATION CHARGES.

At the hearing, Staff was asked to identify and explain the applicable rule from the Arizona Administrative Code ("A.A.C.") regarding Service Line and Meter Installation Charges. Unless included under a separate main extension agreement, both the service line and meter installation charges are refundable back to the customer over a 10-year period and are refunded in accordance with A.A.C. R14-2-405(B), which states in relevant part:

> **B. <u>Service lines</u>.**
>
> 1. An applicant for service shall be responsible for the cost of installing all customer piping up to the meter.
>
> 2. An applicant for service shall pay to the utility as a refundable advance in aid of construction the sum as set forth in the utility's tariff for each size service and meter. Except where the refundable advances in aid of construction for meters and service lines have been included in refundable advances in aid of construction for line extensions and thus are refundable pursuant to main extension contracts approved by the Commission, each advance in aid of construction for a service line or meter shall be repaid by the utility by an annual credit of 1/10 of the amount received, said credit to be applied upon the water bill rendered in November of each year until fully paid, for each service and meter for which the advance was made, and said credit to commence the month of November for all such advances received during the preceding calendar year.

Typically, in rate cases, Staff Engineering recommends service line and meter installation charges to reflect the cost of installing a service line and meter to a customer's home. As noted by the Company, Pineview usually has very low revenues during the winter months, so crediting refunds to customers in November may impose an undue burden.[7] Therefore, in this case, the Company

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[5] Attachment 2, Final Schedule JMM-1.
[6] Attachment 2, Final Schedule, JMM-20.
[7] Tr. at 26:2-27:5.

requested, and Staff continues to agree, that these charges be set at zero, eliminating the need for refunds.[8] Staff hereby provides the requested documents in Attachments 1 and 2.

RESPECTFULLY SUBMITTED this 18th day of February, 2010.

Ayesha Vohra
Attorney, Legal Division
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007
(602) 542-3402

Original and thirteen (13) copies of the foregoing were filed this 18th day of February, 2010 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85008

Copy of the foregoing mailed this 18th day of February, 2010 to:

Ronald L. McDonald, General Manager
PINEVIEW WATER COMPANY
5198 Cub Lake Road
Show Low, Arizona 92801

[8] Ex. S-1, Staff Direct Testimony, (Exhibit DMH-1 at pg. 2) and Ex. S-2, Staff's Reply (Surrebuttal) to Company's Response at 2.

Attachment 1

Table 5 Water Usage in Pineview

Month	Number of Customers	Water Sold (gallons)	Water pumped (gallons)	Water purchased (gallons)	Daily Average (gpd/customer)	% Water Loss
Jan 08	1,119	6,072,057	8,330,600	0	175	27.11
Feb 08	1,125	5,274,295	7,119,800	0	167	25.92
Mar 08	1,120	4,985,317	6,885,600	0	144	27.6
Apr 08	1,089	7,952,859	8,221,000	0	243	3.26
May 08	1,042	9,815,320	12,025,900	0	304	18.38
Jun 08	1,137	11,745,251	14,360,600	0	344	18.21
Jul 08	1,140	13,570,845	14,398,500	0	384	5.75
Aug 08	1,148	9,223,829	11,634,900	0	259	20.72
Sep 08	1,142	9,229,956	11,232,400	0	269	17.83
Oct 08	1,142	6,968,708	9,632,300	0	197	27.65
Nov 08	1,135	5,447,416	7,857,300	0	160	30.67
Dec 08	1,133	5,218,553	5,679,300	0	149	8.11
total		95,504,406	117,378,200	0		
Average					233	**18.64**

Attachment 2

Pineview Water Company, Inc.
Docket No. W-01676A-08-0366
Test Year Ended December 31, 2008

Final Schedule JMM-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY FAIR VALUE	(B) STAFF FAIR VALUE
1	Adjusted Rate Base	$ 957,645	$ 445,278
2	Adjusted Operating Income (Loss)	$ 42,447	$ 55,819
4	Current Rate of Return (L2 / L1)	4.43%	12.54%
5	Required Operating Income	N/A	$ 87,161
6	Required Operating Margin	N/A	12.18%
7	Required Rate of Return on Fair Value Rate Base	N/A	N/A
8	Operating Income Deficiency	N/A	$ 31,342
9	Gross Revenue Conversion Factor	N/A	1.2820
10	Increase in Gross Revenue Requirement	N/A	**$ 40,180**
11	Adjusted Test Year Revenue	$ 675,251	$ 675,251
12	Proposed Annual Revenue (L10 + L11)	N/A	$ 715,431
13	Required Increase in Revenue (%)	N/A	5.95%
14	Rate of Return on Rate Base (L5 / L1)	N/A	19.57%

NM = Not Meaningful
N/A = Not Applicable

References:
Column [A]: Company Schedule A-1, Adjusted for Updated Test Year.
Column (B): Staff Schedules JMM-3 and JMM-10

Pineview Water Company, Inc.
Docket No. W-01676A-08-0366
Test Year Ended December 31, 2008

Final Schedule JMM-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Billings	1.000000			
2	Uncollectible Factor	0.000000			
3	Revenues	1.000000			
4	Less: Combined Federal, State & Property Tax Rate (L18)	0.219951			
5	Subtotal (L3 - L4)	0.780049			
6	**Revenue Conversion Factor (L1 / L5)**	**1.281970**			
	Calculation of Effective Tax Rate:				
7	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
8	Arizona State Income Tax Rate	6.9680%			
9	Federal Taxable Income (L7 - L8)	93.0320%			
10	Applicable Federal Income Tax Rate (Line 43)	15.0000%			
11	Effective Federal Income Tax Rate (L9 x L10)	13.9548%			
12	Combined Federal and State Income Tax Rate (L8 +L11)		20.9228%		
	Calculation of Effective Property Tax Rate:				
13	Unity	100.0000%			
14	Combined Federal & State Income Tax Rate	20.9228%			
15	One Minus Combined Income Tax Rate	79.07720%			
16	Property Tax Factor	1.35597%			
17	Effective Property Tax Rate(L15 x L16)		1.07226%		
18	Combined Federal, State Income & Property Tax Rate (L12 + L17)			21.9951%	
19	Required Operating Income (Schedule JMM-1, Line 5)	$ 87,161			
20	Adjusted Test Year Operating Income (Loss) (Schedule JMMI-11, Line 35)	$ 55,819			
21	Required Increase in Operating Income (L19 - L20)	$ 31,342	$ 31,342		
22	Income Taxes on Recommended Revenue (Col. (D), L42)	$ 10,268			
23	Income Taxes on Test Year Revenue (Col. (B), L42)	$ 1,976			
24	Required Increase in Revenue to Provide for Income Taxes (L22 -L23)		$ 8,293		
25	Property Tax with Recommended Revenue (JMM-16, Col B, L21)	$ 28,013			
26	Property Tax on Test Year Revenue (JMM-16, Col A, L21)	$ 27,469			
27	Increase in Property Tax Due to Increase in Revenue (L25-L26)		$ 545		
28	Required Increase in Revenue (L21 + L24 + L27)			$ 40,180	
	Calculation of Income Tax:	Test Year		Staff Recommended	
29	Revenue (Schedule JMM-10, Columns C and E)	$ 675,251		$ 715,431	
30	Less: Operating Expenses Excluding Income Taxes	$ 617,456		$ 618,001	
31	Interest Expense (Schedule JMM-20)	$ 48,352		$ 48,352	
32	Arizona Taxable Income (L29 - L30 - L31)	$ 9,443		$ 49,078	
33	Arizona State Income Tax Rate	6.968%		6.968%	
34	Arizona Income Tax (L32 x L33)		$ 658		$ 3,420
35	Federal Taxable Income (L32 - L34)	$ 8,785		$ 45,658	
36	Federal Tax on First Income Bracket ($1 - $50,000) @ 15%	$ 1,318		$ 6,849	
37	Federal Tax on Second Income Bracket ($51,001 - $75,000) @ 25%	$ -		$ -	
38	Federal Tax on Third Income Bracket ($75,001 - $100,000) @ 34%	$ -		$ -	
39	Federal Tax on Fourth Income Bracket ($100,001 - $335,000) @ 39%	$ -		$ -	
40	Federal Tax on Fifth Income Bracket ($335,001 - $10,000,000) @ 34%	$ -		$ -	
41	Total Federal Income Tax		$ 1,318		$ 6,849
42	Combined Federal and State Income Tax (L34 + L41)		$ 1,976		$ 10,268
43	Applicable Federal Income Tax Rate [Col. (D), L35 - Col. (B), L35] / [Col. (C), L41 - Col. (A), L41]				15.0000%

Pineview Water Company, Inc.
Docket No. W-01676A-08-0366
Test Year Ended December 31, 2008

Final Schedule JMM-3

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	Adj. No.	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 4,669,687	$ (436,585)	1,2	$ 4,233,102
2	Less: Accumulated Depreciation	1,625,282	(4,601)	3	1,620,681
3	Net Plant in Service	$ 3,044,405	$ (431,985)		$ 2,612,420
	LESS:				
4	Contributions in Aid of Construction (CIAC)	$ 278,641	$ -		$ 278,641
5	Less: Accumulated Amortization	10,488	-		$ 10,488
6	Net CIAC	268,153	-		$ 268,153
7	Advances in Aid of Construction (AIAC)	1,770,477	-		1,770,477
8	Customer Deposits	116,769	11,744	4	128,512
9	Deferred Income Tax Credits	-	-		-
	ADD:				
9	Working Capital Allowance	68,638	(68,638)	5	-
10	Deffered Regulatory Assets	-	-		-
11	**Original Cost Rate Base**	$ 957,645	$ (512,366)		$ 445,278

References:
Column [A]: Company Application, Adjusted for Updated Test Year.
Column [B]: Schedule JMM-4
Column (C): Column (A) + Column (B)

Pineview Water Company, Inc.
Docket No. W-01676A-08-0366
Test Year Ended December 31, 2008

Final Schedule JMM-4

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Plant Not Used And Useful Ref: Sch JMM-5	[C] ADJ #2 Reclassification of Plant Ref: Sch JMM-6	[D] ADJ #3 Accumulated Depreciation Ref: Sch JMM-7	[E] ADJ #4 Customer Deposits Ref: Sch JMM-8	[F] ADJ #5 Cash Working Capital Ref: Sch JMM-9	[G] STAFF ADJUSTED
	PLANT IN SERVICE:								
2	301	Organization Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	302	Franchise Cost	-	-	-	-	-	-	-
4	303	Land and Land Rights	33,498	-	-	-	-	-	33,498
5	304	Structures and Improvements	97,549	-	-	-	-	-	97,549
6	305	Collecting and Impounding Res.	-	-	-	-	-	-	-
7	306	Lake River and Other Intakes	-	-	-	-	-	-	-
8	307	Wells and Springs	377,071	(69,947)	(4,491)	-	-	-	302,633
9	308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-
10	309	Supply Mains	-	-	-	-	-	-	-
11	310	Power Generation Equipment	-	-	-	-	-	-	-
12	311	Electric Pumping Equipment	230,200	-	4,491	-	-	-	234,691
13	320	Water Treatment Equipment	3,553	-	-	-	-		3,553
14	320	Water Treatment Plant	-	-	-	-	-		-
15	330	Distribution Reservoirs & Standpipe	649,885	(352,253)	-	-	-	-	297,632
16	331	Transmission and Distribution Mains	2,668,587	(14,385)	(1,856)	-	-	-	2,652,345
17	333	Services	18,538	-	-	-	-		18,538
18	334	Meters	232,155	-	1,856	-	-		234,011
19	335	Hydrants	177,913	-	-	-	-	-	177,913
20	336	Backflow Prevention Devices	-	-	-	-	-	-	-
21	339	Other Plant and Miscellaneous Equipment	25,964	-	-	-	-	-	25,964
22	340	Office Furniture and Fixtures	45,864	-	-	-	-	-	45,864
23	341	Transportation Equipment	63,848	-	-	-	-	-	63,848
24	342	Stores Equipment	42,557	-	-	-	-	-	42,557
25	343	Tools and Work Equipment	-	-	-	-	-		-
26	344	Laboratory Equipment	-	-	-	-	-	-	-
27	345	Power Operated Equipment	2,083	-	-	-	-	-	2,083
28	346	Communications Equipment	-	-	-	-	-	-	-
29	347	Miscellaneous Equipment	422	-	-	-	-	-	422
30	348	Other Tangible Plant	-	-	-	-	-	-	-
31		Total Plant in Service - Actual	4,669,687	-	-	-	-	-	4,233,102
32		Post Test-Year Plant	-	-					-
33		Total Plant in Service	$ 4,669,687	$ (436,585)	$ -	$ -	$ -	$ -	$ 4,233,102
34		Less: Accumulated Depreciation	1,625,282	-	-	(4,601)	-	-	1,620,681
35			-	-	-		-	-	-
36		Net Plant in Service	$ 3,044,405	$ (436,585)	$ -	$ 4,601	$ -	$ -	$ 2,612,420
37									
38		*LESS:*							
39		Contributions in Aid of Construction (CIAC)	$ 278,641	$ -	$ -	$ -	$ -	$ -	$ 278,641
40		Less: Accumulated Amortization	10,488	-	-	-	-	-	10,488
41		Net CIAC (L25 - L26)	268,153	-	-	-	-	-	268,153
42		Advances in Aid of Construction (AIAC)	1,770,477	-	-	-	-	-	1,770,477
43		Customer Deposits	116,769	-	-	-	11,744	-	128,512
44		Deferred Income Taxes	-	-	-	-	-	-	-
45			-	-					-
46									
47		*ADD:*							
48		Working Capital Allowance	68,638	-	-	-	-	(68,638)	-
49		Deffered Regulatory Assets	-	-	-	-	-	-	-
50									
51		**Original Cost Rate Base**	$ 957,645	$ (436,585)	$ -	$ 4,601	$ (11,744)	$ (68,638)	$ 445,278

Pineview Water Company, Inc.
Docket No. W-01676A-08-0366
Test Year Ended December 31, 2008

Final Schedule JMM-5

RATE BASE ADJUSTMENT NO. 1 - NOT USED AND USEFUL PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A] Plant in Service Per Company	[B] Plant Not Used and Useful	[C] Plant in Service Per Staff (Col A + Col B)
1	301	Organization Cost	$ -	$ -	$ -
2	302	Franchise Cost	-		-
3	303	Land and Land Rights	33,498		33,498
4	304	Structures and Improvements	97,549		97,549
5	305	Collecting and Impounding Res.	-		-
6	306	Lake River and Other Intakes	-		-
7	307	Wells and Springs	377,071	(69,947)	307,124
8	308	Infiltration Galleries and Tunnels	-		-
9	309	Supply Mains	-		-
10	310	Power Generation Equipment	-		-
11	311	Electric Pumping Equipment	230,200		230,200
12	320	Water Treatment Equipment	3,553		3,553
13	330	Distribution Reservoirs & Standpipe	649,885	(352,253)	297,632
14	331	Transmission and Distribution Mains	2,668,587	(14,385)	2,654,202
15	333	Services	18,538		18,538
16	334	Meters	232,155		232,155
17	335	Hydrants	177,913		177,913
18	336	Backflow Prevention Devices	-		-
19	339	Other Plant and Miscellaneous Equipment	25,964		25,964
20	340	Office Furniture and Fixtures	45,864		45,864
21	341	Transportation Equipment	63,848		63,848
22	342	Stores Equipment	42,557		42,557
23	343	Tools and Work Equipment	-		-
24	344	Laboratory Equipment	-		-
25	345	Power Operated Equipment	2,083		2,083
26	346	Communications Equipment	-		-
27	347	Miscellaneous Equipment	422		422
28	348	Other Tangible Plant	-		-
29		Plant Held for Future Use			
30		Total Plant	$ 4,669,687	$ (436,585)	$ 4,233,102

Staff's Calculation

Date	Account Number	Vender	Amount
7/26/2004	307 Wells and Springs	A to A Drilling	$ 14,400
10/29/2004	307 Wells and Springs	Dana Kepner Co.	1,275.27
10/31/2004	307 Wells and Springs	Perkins Cinders, Inc.	328.00
1/7/2005	307 Wells and Springs	Murphy Engineering Group	730.00
6/28/2005	307 Wells and Springs	Hughes Supply	178.00
7/6/2005	307 Wells and Springs	Reed Supply Co.	2,220.50
11/8/2005	307 Wells and Springs	Home Depot	19.64
11/29/2005	307 Wells and Springs	A to A Drilling	13,000.00
12/20/2005	307 Wells and Springs	White Mtn Ready Mix, LLC	166.00
2/28/2006	307 Wells and Springs	Dana Kepner Co.	4,403.49
3/9/2006	307 Wells and Springs	Dana Kepner Co.	854.11
4/27/2006	307 Wells and Springs	A to A Drilling	11,200.00
4/27/2008	307 Wells and Springs	A to A Drilling	1,247.58
6/26/2006	307 Wells and Springs	Dana Kepner Co.	976.02
7/12/2006	307 Wells and Springs	A to A Drilling	10,000.00
8/31/2006	307 Wells and Springs	Dana Kepner Co.	272.49
9/10/2008	307 Wells and Springs	Mitchell Lewis & Straver Co.	2,800.00
9/10/2008	307 Wells and Springs	Mitchell Lewis & Straver Co.	2,306.13
9/10/2008	307 Wells and Springs	Mitchell Lewis & Straver Co.	3,570.00
Total			$ 69,947.23
1/1/2006	330 Distribution Reserviors & Standpipe	Ellis & Associates	$ 8,500
4/11/2006	330 Distribution Reserviors & Standpipe	Page Steel	61,750
6/1/2006	330 Distribution Reserviors & Standpipe	Southwest Industrial Coatings, Inc.	11,660.39
9/25/2006	330 Distribution Reserviors & Standpipe	Page Steel	141.7
9/28/2006	330 Distribution Reserviors & Standpipe	Page Steel	109,525
9/28/2006	330 Distribution Reserviors & Standpipe	Page Steel	139.75
10/3/2006	330 Distribution Reserviors & Standpipe	Sherwin-Williams	1,154.16
10/4/2006	330 Distribution Reserviors & Standpipe	Sherwin-Williams	94.22
10/29/2006	330 Distribution Reserviors & Standpipe	Twelve Forty One Grading Inc.	79,387
12/6/2006	330 Distribution Reserviors & Standpipe	Page Steel	77,253.31
3/7/2007	330 Distribution Reserviors & Standpipe	Murphy Engineering Group	1,887.00
8/8/2007	330 Distribution Reserviors & Standpipe	Murphy Engineering Group	760
Total			$ 352,252.53
2/28/2006	331 Transmission and Distribution Mains	Dana Kepner Co.	4,820.15
10/31/2006	331 Transmission and Distribution Mains	Dana Kepner Co.	2,071.80
10/31/2008	331 Transmission and Distribution Mains	Dana Kepner Co.	7,493.50
			$ 14,385.45

References:
Column [A]: Company Application, Adjusted for Updated Test Year.
Column [B]: Testimony JMM
Column [C]: Column [A] + Column [B]

Pineview Water Company, Inc.
Docket No. W-01676A-08-0366
Test Year Ended December 31, 2008

Final Schedule JMM-6

RATE BASE ADJUSTMENT NO. 2 - RECLASSIFICATION OF PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A] Plant in Service Per Company	[B] Reclassifiation of Plant	[C] PLANT In Service Per Staff (Col A + Col B)
1	301	Organization Cost	$ -	$ -	$ -
2	302	Franchise Cost	-		-
3	303	Land and Land Rights	33,498		33,498
4	304	Structures and Improvements	97,549		97,549
5	305	Collecting and Impounding Res.	-		-
6	306	Lake River and Other Intakes	-		-
7	307	Wells and Springs	377,071	(4,491)	372,580
8	308	Infiltration Galleries and Tunnels	-		-
9	309	Supply Mains	-		-
10	310	Power Generation Equipment	-		-
11	311	Electric Pumping Equipment	230,200	4,491	234,691
12	320	Water Treatment Equipment	3,553		3,553
13	330	Distribution Reservoirs & Standpipe	649,885		649,885
14	331	Transmission and Distribution Mains	2,668,587	(1,856)	2,666,731
15	333	Services	18,538		18,538
16	334	Meters	232,155	1,856	234,011
17	335	Hydrants	177,913		177,913
18	336	Backflow Prevention Devices	-		-
19	339	Other Plant and Miscellaneous Equipment	25,964		25,964
20	340	Office Furniture and Fixtures	45,864		45,864
21	341	Transportation Equipment	63,848		63,848
22	342	Stores Equipment	42,557		42,557
23	343	Tools and Work Equipment	-		-
24	344	Laboratory Equipment	-		-
25	345	Power Operated Equipment	2,083		2,083
26	346	Communications Equipment	-		-
27	347	Miscellaneous Equipment	422		422
28	348	Other Tangible Plant	-		-
29		Plant Held for Future Use			-
30		Total Plant	$ 4,669,687	$ -	$ 4,669,687

Staff's Calculation

Date	Account Number	Vender	Amount
10/20/2004	307 Wells and Springs	Reed Supply Co.	$ 2,538.62
6/26/2006	307 Wells and Springs	Dana Kepner Co.	1,952.04
Total			$ 4,490.66
5/14/2004	331 Transmission and Distribution Mains	Canyon Pipe & Supply Co.	$ 371.13
5/18/2004	331 Transmission and Distribution Mains	Canyon Pipe & Supply Co.	1,484.99
Total			$ 1,856.12

References:
Column [A]: Company Application, Adjusted for Updated Test Year.
Column [B]: Testimony JMM
Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 3 - ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Accumulated Depreciation	$ 1,625,282	$ (4,601)	$1,620,681

References:
Column [A]: Company Application, Adjusted for Updated Test Year.
Column [B]: Testimony JMM
Column [C]: Column [A] + Column [B]

REMOVE NEGATIVE ACCUMULATED DEPRECIATION AND RESTATE BEGINNING BALANCE ACCUMULATED DEPRECIATION

		[A]	[B]	[C]	[D]	[E]
LINE NO.	DESCRIPTION	PLANT BALANCE LAST DECISION	ACCUMULATED DEPRECIATION LAST DECISION	STAFF ADJUSTMENTS	STAFF BEGINNING ACCUMULATED DEP. AS ADJUSTED	NET BOOK VALUE
303	Land and Land Rights	$ 22,425	$ -	$ -	$ -	$ 22,425
304	Structures and Improvements	94,930	80,111		80,111	14,819
307	Wells and Springs	225,481	114,113		114,113	111,368
311	Electric Pumping Equipment	119,002	91,688		91,688	27,314
320	Water Treatment Equipment	-	-		-	-
330	Distribution Reservoirs & Standpipes	246,612	241,377		241,377	5,235
331	Transmission and Distribution Mains	1,057,174	386,843		386,843	670,331
333	Services	10,116	9,167		9,167	949
334	Meters	185,262	109,104		109,104	76,158
335	Hydrants	14,810	6,587		6,587	8,223
339	Other Plant & Miscellaneous Equipment	1,666	(29,984)	31,650	1,666	-
340	Office Furniture and Equipment	28,994	5,202		5,202	23,792
341	Transportation Equipment	57,148	7,044		7,044	50,104
343	Tools and Work Equipment	38,542	54,407	(15,865)	38,542	-
345	Power Operated Equipment	-	0		-	-
346	Communication Equipment	533	(601)	1,134	533	-
347	Miscellaneous Equipment	422	11		11	411
		$ 2,103,117	$ 1,075,069	$ 16,919	$ 1,091,988	$ 1,011,129

References:
Column [A]: Company Application, Adjusted for Updated Test Year.
Column [B]: Company Application, Adjusted for Updated Test Year.
Column [C]: Testimony
Column [D]: Column [A] - Column [D]

PLANT AND ACCUMULATED DEPRECIATION SCHEDULE
ADJUSTED TO REMOVE NOT USED AND USEFUL, AND RECLASSIFY PLANT COSTS

	Plant 31-Dec-03 Original Cost	31-Dec-03 Accumulated Depreciation adjusted	Depreciation Rates	2004 Additions	2004 Staff Adjustments	2004 Depr. Expense	2004 Total Cost	2004 Accumulated Depreciation
303 Land and Land Rights	22,425	0	0.00%	0	0	0	22,425	0
304 Structures and Improvements	94,930	80,111	3.33%	0	0	3,161	94,930	83,272
307 Wells and Springs	225,481	114,113	3.33%	22,489	(21,081)	7,532	226,889	121,645
311 Electric Pumping Equipment	119,002	91,688	12.50%	0	5,078	15,193	124,080	106,881
320 Water Treatment Equipment	0	0	20.00%	0	0	0	0	0
330 Distribution Reservoirs & Standpipes	246,612	241,377	2.22%	0	0	5,235	246,612	246,612
331 Transmission and Distribution Mains	1,057,174	386,843	2.00%	211,087	(1,856)	23,236	1,266,405	410,079
333 Services	10,116	9,167	3.33%	0	0	337	10,116	9,504
334 Meters	185,262	109,104	8.33%	13,038	1,856	16,053	200,157	125,157
335 Hydrants	14,810	6,587	2.00%	9,986	0	396	24,796	6,983
339 Other Plant & Miscellaneous Equipment	1,666	1,666	6.67%	5,694	0	301	7,360	1,967
340 Office Furniture and Equipment	28,994	5,202	6.67%	7,532	0	2,185	36,525	7,387
341 Transportation Equipment	57,148	7,044	20.00%	0	0	11,430	57,148	18,474
343 Tools and Work Equipment	38,542	38,542	5.00%	0	0	0	38,542	38,542
345 Power Operated Equipment	0	0	5.00%	1,082	0	27	1,082	27
346 Communication Equipment	533	533	10.00%	0	0	0	533	533
347 Miscellaneous Equipment	422	11	10.00%	0	0	42	422	53
2004 Totals	$2,103,117	$1,091,988		$270,909	($16,003)	$85,127	$2,358,023	$1,177,115

PLANT AND ACCUMULATED DEPRECIATION SCHEDULE
ADJUSTED TO REMOVE NOT USED AND USEFUL, AND RECLASSIFY PLANT COSTS

	2005 Beginning Balanc	2005 Additions	2005 Deletions	2005 Staff Adjustments	2005 Depreciation Exp.	2005 Ending Balance	2005 Accumulated Depreciation	2005 Net Book Value
303 Land and Land Rights	22,425	11,073	0	0	0	33,498	0	33,498
304 Structures and Improvements	94,930	0	0	0	3,161	94,930	86,433	8,496
307 Wells and Springs	226,889	34,977	0	(16,314)	7,866	245,553	129,511	116,041
311 Electric Pumping Equipment	124,080	4,623	0	0	15,799	128,703	122,680	6,024
320 Water Treatment Equipment	0	0	0	0	0	0	0	0
330 Distribution Reservoirs & Standpipes	246,612	0	0	0	0	246,612	246,612	0
331 Transmission and Distribution Mains	1,266,405	314,524	0	0	28,473	1,580,929	438,552	1,142,377
333 Services	10,116	0	0	0	337	10,116	9,841	275
334 Meters	200,157	6,641	0	0	16,950	206,798	142,106	64,692
335 Hydrants	24,796	41,126	0	0	907	65,921	7,890	58,031
339 Other Plant & Miscellaneous Equipment	7,360	0	0	0	491	7,360	2,458	4,902
340 Office Furniture and Equipment	36,525	2,360	0	0	2,515	38,885	9,902	28,983
341 Transportation Equipment	57,148	2,800	0	0	11,710	59,948	30,183	29,765
343 Tools and Work Equipment	38,542	0	0	0	0	38,542	38,542	0
345 Power Operated Equipment	1,082	0	0	0	54	1,082	81	1,001
346 Communication Equipment	533	0	0	0	0	533	533	0
347 Miscellaneous Equipment	422	0	0	0	42	422	95	327
2005 Totals	$2,358,023	$418,125	$0	($16,314)	$88,305	$2,759,834	$1,265,420	$1,494,414

PLANT AND ACCUMULATED DEPRECIATION SCHEDULE
ADJUSTED TO REMOVE NOT USED AND USEFUL, AND RECLASSIFY PLANT COSTS

	2006 Beginning Balance	2006 Additions	2006 Deletions	2006 Staff Adjustments	2006 Depreciation Exp.	2006 Ending Balance	2006 Accumulated Depreciation	2006 Net Book Value
303 Land and Land Rights	33,498	0	0	0	0	33,498	0	33,498
304 Structures and Improvements	94,930	0	0	0	3,161	94,930	89,594	5,335
307 Wells and Springs	245,553	69,132	0	(30,906)	8,813	283,779	138,324	145,455
311 Electric Pumping Equipment	128,703	4,206	0	1,952	16,473	134,862	139,152	(4,291)
320 Water Treatment Equipment	0	3,196	0	0	320	3,196	320	2,876
330 Distribution Reservoirs & Standpipes	246,612	400,626	0	(349,606)	6,041	297,632	252,653	44,979
331 Transmission and Distribution Mains	1,580,929	116,325	0	(14,385)	32,638	1,682,869	471,190	1,211,679
333 Services	10,116	0	0	0	275	10,116	10,116	0
334 Meters	206,798	9,567	0	0	17,625	216,365	159,731	56,634
335 Hydrants	65,921	14,452	0	0	1,463	80,374	9,353	71,020
339 Other Plant & Miscellaneous Equipment	7,360	15,974	0	0	1,024	23,334	3,482	19,852
340 Office Furniture and Equipment	38,885	6,979	0	0	2,826	45,864	12,728	33,136
341 Transportation Equipment	59,948	7,900	0	0	12,780	67,848	42,963	24,885
343 Tools and Work Equipment	38,542	3,255	0	0	2,008	41,797	40,550	1,247
345 Power Operated Equipment	1,082	1,001	0	0	79	2,083	160	1,923
346 Communication Equipment	533	0	0	0	0	533	533	0
347 Miscellaneous Equipment	422	0	0	0	42	422	138	284
2006 Totals	$2,759,834	$652,612	$0	($392,945)	$105,568	$3,019,501	$1,370,988	$1,648,513

PLANT AND ACCUMULATED DEPRECIATION SCHEDULE
ADJUSTED TO REMOVE NOT USED AND USEFUL, AND RECLASSIFY PLANT COSTS

	2007 Beginning Balanc	2007 Additions	2007 Deletions	2007 Staff Adjustments	2007 Depreciation Exp.	2007 Ending Balance	2007 Accumulated Depreciation	2007 Net Book Value
303 Land and Land Rights	33,498	0	0	0	0	33,498	0	33,498
304 Structures and Improvements	94,930	0	0	0	3,161	94,930	92,756	2,174
307 Wells and Springs	283,779	15,999	0	0	9,716	299,778	148,041	151,737
311 Electric Pumping Equipment	134,862	24,176	0	0	18,369	159,038	157,521	1,516
320 Water Treatment Equipment	3,196	357	0	0	675	3,553	994	2,558
330 Distribution Reservoirs & Standpipes	297,632	2,647	0	(2,647)	6,607	297,632	259,261	38,372
331 Transmission and Distribution Mains	1,682,869	713,201	0	0	40,789	2,396,070	511,980	1,884,090
333 Services	10,116	1,491	0	0	362	11,607	10,477	1,130
334 Meters	216,365	9,717	0	0	18,428	226,082	178,159	47,923
335 Hydrants	80,374	55,022	0	0	2,158	135,396	11,511	123,885
339 Other Plant & Miscellaneous Equipment	23,334	680	0	0	1,579	24,014	5,061	18,953
340 Office Furniture and Equipment	45,864	0	0	0	3,059	45,864	15,788	30,077
341 Transportation Equipment	67,848	0	0	0	13,570	67,848	56,532	11,316
343 Tools and Work Equipment	41,797	760	0	0	2,007	42,557	42,557	(0)
345 Power Operated Equipment	2,083	0	0	0	104	2,083	264	1,818
346 Communication Equipment	533	0	533	0	0	0	0	0
347 Miscellaneous Equipment	422	0	0	0	42	422	180	242
2007 Totals	$3,019,501	$824,050	$533	($2,647)	$120,626	$3,840,371	$1,491,081	$2,349,289

PLANT AND ACCUMULATED DEPRECIATION SCHEDULE
ADJUSTED TO REMOVE NOT USED AND USEFUL, AND RECLASSIFY PLANT COSTS

	2008 Beginning Balanc	2008 Additions	2008 Deletions	2008 Staff Adjustments	2008 Depreciation Exp.	2008 Ending Balance	2008 Accumulated Depreciation	2008 Net Book Value
303 Land and Land Rights	33,498	0	0	0	0	33,498	0	33,498
304 Structures and Improvements	94,930	2,619	0	0	2,174	97,549	94,930	2,619
307 Wells and Springs	299,778	11,531	0	(8,676)	10,030	302,633	158,071	144,562
311 Electric Pumping Equipment	159,038	75,654	0	0	24,608	234,692	182,129	52,562
320 Water Treatment Equipment	3,553	0	0	0	711	3,553	1,705	1,848
330 Distribution Reservoirs & Standpipes	297,632	0	0	0	6,607	297,632	265,868	31,764
331 Transmission and Distribution Mains	2,396,070	256,275	0	0	50,484	2,652,345	562,464	2,089,881
333 Services	11,607	6,931	0	0	502	18,538	10,979	7,559
334 Meters	226,082	7,929	0	0	19,163	234,011	197,322	36,689
335 Hydrants	135,396	42,517	0	0	3,133	177,913	14,644	163,269
339 Other Plant & Miscellaneous Equipment	24,014	1,950	0	0	1,667	25,964	6,727	19,237
340 Office Furniture and Equipment	45,864	0	0	0	3,059	45,864	18,847	27,017
341 Transportation Equipment	67,848	0	4,000	0	11,316	63,848	63,848	0
343 Tools and Work Equipment	42,557	0	0	0	0	42,557	42,557	(0)
345 Power Operated Equipment	2,083	0	0	0	104	2,083	369	1,714
346 Communication Equipment	0	0	0	0	0	0	0	0
347 Miscellaneous Equipment	422	0	0	0	42	422	222	200
2008 Totals	$3,840,371	$405,406	$4,000	($8,676)	$133,600	$4,233,102	$1,620,681	$2,612,419

Pineview Water Company, Inc.
Docket No. W-01676A-08-0366
Test Year Ended December 31, 2008

Final Schedule JMM-8

RATE BASE ADJUSTMENT NO. 4 - CUSTOMER DEPOSITS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Customer Deposits	$ 116,769	$ 11,744	$ 128,512

References:
Column [A]: Company Application, Adjusted for Updated Test Year.
Column [B]: Testimony JMM
Column [C]: Column [A] + Column [B]

Pineview Water Company, Inc.
Docket No. W-01676A-08-0366
Test Year Ended December 31, 2008

Final Schedule JMM-9

RATE BASE ADJUSTMENT NO. 5 - WORKING CAPITAL ALLOWANCE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Cash Working Capital	$ 68,638	$ (68,638)	$ -

References:
Column [A]: Company Application, Adjusted for Updated Test Year.
Column [B]: Testimony JMM
Column [C]: Column [A] + Column [B]

Pineview Water Company, Inc.
Docket No. W-01676A-08-0366
Test Year Ended December 31, 2008

Final Schedule JMM-10

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY ADJUSTED TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	Adj. No.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
1	*REVENUES:*						
2	Metered Water Sales	$ 667,543	$ -		$ 667,543	$ 40,180	$ 707,723
3	Water Sales-Unmetered	918	-		918	-	918
4	Other Operating Revenue	6,790	-		6,790	-	6,790
5	Intentionally Left Blank	-	-		-	-	-
6	**Total Operating Revenues**	$ 675,251	$ -		$ 675,251	$ 40,180	**$ 715,431**
7							
8	*OPERATING EXPENSES:*						
9	Salaries and Wages	$ 205,636	$ -		$ 205,636	$ -	$ 205,636
10	Purchased Water	-	-		-	-	-
11	Purchased Power	64,206	-		64,206	-	64,206
12	Fuel for Power Production	-	-		-	-	-
13	Chemicals	1,473	-		1,473	-	1,473
14	Repairs and Maintenance	44,381	-		44,381	-	44,381
15	Office Supplies and Expense	8,857	(201)	1	8,656	-	8,656
16	Outside Services	12,640	-		12,640	-	12,640
17	Outside Services - Other	-	-		-	-	-
18	Outside Services - Legal	-	-		-	-	-
19	Water Testing	4,968	435	2	5,403	-	5,403
20	Rents	19,332	-		19,332	-	19,332
21	Transportation Expenses	8,343	-		8,343	-	8,343
22	Insurance - General Liability	12,346	-		12,346	-	12,346
23	Insurance - Health and Life	27,229	-		27,229	-	27,229
24	Regulatory Commission Expenese	-	-		-	-	-
25	Regulatory Commission Expense - Rate Case	9,979	(9,979)	3	-	-	-
26	General and Administrative	33,059	-		33,059	-	33,059
27	Bad Debt Expense	-	-		-	-	-
28	Depreciation Expense	139,461	(7,700)	4	131,761	-	131,761
29	Amortization of CIAC	-	-		-	-	-
30	Taxes Other than Income	15,522	-		15,522	-	15,522
31	Property Taxes	25,327	2,142	5	27,469	545	28,013
32	Income Taxes	45	1,931	6	1,976	8,293	10,268
33	Intentionally Left Blank	-	-		-	-	-
34	**Total Operating Expenses**	$ 632,804	$ (13,372)		$ 619,432	$ 8,838	$ 628,270
35	**Operating Income (Loss)**	$ 42,447	$ 13,372		$ 55,819	$ 31,342	$ 87,161

References:
Column [A]: Company Application, Adjusted for Updated Test Year.
Column (B): Schedule JMM-12
Column (C): Column (A) + Column (B)
Column (D): Schedules JMM-16 and JMM-17
Column (E): Column (C) + Column (D)

Pineview Water Company, Inc.
Docket No. W-01676A-08-0366
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Final Schedule JMM-11

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] Food and Beverage Expense ADJ #1	[C] Water Testing Expense ADJ #2	[D] Rate Case Expense ADJ #3	[E] Depreciation Expense ADJ #4	[F] Property Tax Expense ADJ #5	[G] Income Tax Expense ADJ #6	[H] STAFF ADJUSTED
			Ref: Sch JMM-12	Ref: Sch JMM-13	Ref: Sch JMM-14	Ref: Sch JMM-15	Ref: Sch JMM-16	Ref: Sch JMM-17	
1	*REVENUES:*								
2	Metered Water Sales	$ 667,543	$ -	$ -	$ -	$ -	$ -	$ -	$ 667,543
3	Water Sales-Unmetered	918	-	-	-	-	-	-	918
4	Other Operating Revenue	6,790	-	-	-	-	-	-	6,790
5	Intentionally Left Blank	-	-	-	-	-	-	-	-
6	**Total Operating Revenues**	$ 675,251	$ -	$ -	$ -	$ -	$ -	$ -	$ 675,251
7									
8	*OPERATING EXPENSES:*								
9	Salaries and Wages	$ 205,636	$ -	$ -	$ -	$ -	$ -	$ -	$ 205,636
10	Purchased Water	-	-	-	-	-	-	-	-
11	Purchased Power	64,206	-	-	-	-	-	-	64,206
12	Fuel for Power Production	-	-	-	-	-	-	-	-
13	Chemicals	1,473	-	-	-	-	-	-	1,473
14	Repairs and Maintenance	44,381	-	-	-	-	-	-	44,381
15	Office Supplies and Expense	8,857	(201)	-	-	-	-	-	8,656
16	Outside Services	12,640	-	-	-	-	-	-	12,640
17	Outside Services - Other	-	-	-	-	-	-	-	-
18	Outside Services - Legal	-	-	-	-	-	-	-	-
19	Water Testing	4,968	-	435	-	-	-	-	5,403
20	Rents	19,332	-	-	-	-	-	-	19,332
21	Transportation Expenses	8,343	-	-	-	-	-	-	8,343
22	Insurance - General Liability	12,346	-	-	-	-	-	-	12,346
23	Insurance - Health and Life	27,229	-	-	-	-	-	-	27,229
24	Regulatory Commission Expenese	-	-	-	-	-	-	-	-
25	Regulatory Commission Expense - Rate Case	9,979	-	-	(9,979)	-	-	-	-
26	General and Administrative	33,059	-	-	-	-	-	-	33,059
27	Bad Debt Expense	-	-	-	-	-	-	-	-
28	Depreciation Expense	139,461	-	-	-	(7,700)	-	-	131,761
29	Amortization of CIAC	-	-	-	-	-	-	-	-
30	Taxes Other than Income	15,522	-	-	-	-	-	-	15,522
31	Property Taxes	25,327	-	-	-	-	2,142	-	27,469
32	Income Taxes	45	-	-	-	-	-	1,931	1,976
33	Intentionally Left Blank	-	-	-	-	-	-	-	-
34	**Total Operating Expenses**	$ 632,804	$ (201)	$ 435	$ (9,979)	$ (7,700)	$ 2,142	$ 1,931	$ 619,433
35	**Operating Income (Loss)**	$ 42,447	$ 201	$ (435)	$ 9,979	$ 7,700	$ (2,142)	$ (1,931)	$ 55,818

Pineview Water Company, Inc.
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Final Schedule JMM-12

OPERATING ADJUSTMENT NO. 1 - OFFICE AND SUPPLIES EXPENSE

Line No.	Description	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Office Supplies and Expense	$ 8,857	$ (201)	$ 8,656

References:
Column [A]: Company Application, Adjusted for Updated Test Year.
Column [B]: Testimony JMM
Column [C]: Column [A] + Column [B]

Pineview Water Company, Inc.
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Final Schedule JMM-13

OPERATING ADJUSTMENT NO. 2 - WATER TESTING EXPENSE

Line No.	Description	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Testing	$ 4,968	$ 435	$ 5,403

References:
Column [A]: Company Application, Adjusted for Updated Test Year.
Column [B]: Testimony JMM
Column [C]: Column [A] + Column [B]

Pineview Water Company, Inc.
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Final Schedule JMM-14

OPERATING INCOME ADJUSTMENT NO. 3 - RATE CASE EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Rate Case Expense	$ 9,979	$ (9,979)	$ -

References:
Column [A]: Company Application, Adjusted for Updated Test Year.
Column (B): Testimony JMM
Column (C): Column (A) + Column (B)

Pineview Water Company, Inc.
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Final Schedule JMM-15

OPERATING INCOME ADJUSTMENT NO. 4 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A] PLANT In SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated PLANT	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	301	Organization Cost	$ -	$ 100	$ (100)	0.00%	$ -
2	302	Franchise Cost	$ -	$ -	$ -	0.00%	$ -
3	303	Land and Land Rights	$ 33,498	$ 1,284,595	$ (1,251,097)	0.00%	$ -
4	304	Structures and Improvements	$ 97,549	$ -	$ 97,549	3.33%	$ 3,248
5	305	Collecting and Impounding Res.	$ -	$ -	$ -	2.50%	$ -
6	306	Lake River and Other Intakes	$ -	$ -	$ -	2.50%	$ -
7	307	Wells and Springs	$ 302,633	$ -	$ 302,633	3.33%	$ 10,078
8	308	Infiltration Galleries and Tunnels	$ -	$ -	$ -	6.67%	$ -
9	309	Supply Mains	$ -	$ -	$ -	2.00%	$ -
10	310	Power Generation Equipment	$ -	$ -	$ -	5.00%	$ -
11	311	Electric Pumping Equipment	$ 234,691	$ -	$ 234,691	12.50%	$ 29,336
12	320	Water Treatment Equipment	$ 3,553	$ -	$ 3,553	3.33%	$ 118
13	320	Water Treatment Plant	$ -	$ -	$ -	3.33%	$ -
14	330	Distribution Reservoirs & Standpipe	$ 297,632	$ -	$ 297,632	2.22%	$ 6,607
15	331	Transmission and Distribution Mains	$ 2,652,345	$ -	$ 2,652,345	2.00%	$ 53,047
16	333	Services	$ 18,538	$ -	$ 18,538	3.33%	$ 617
17	334	Meters	$ 234,011	$ -	$ 234,011	8.33%	$ 19,493
18	335	Hydrants	$ 177,913	$ -	$ 177,913	2.00%	$ 3,558
19	336	Backflow Prevention Devices	$ -	$ -	$ -	6.67%	$ -
20	339	Other Plant and Miscellaneous Equipment	$ 25,964	$ -	$ 25,964	6.67%	$ 1,732
21	340	Office Furniture and Fixtures	$ 45,864	$ -	$ 45,864	6.67%	$ 3,059
22	341	Transportation Equipment	$ 63,848	$ -	$ 63,848	20.00%	$ 12,770
23	342	Stores Equipment	$ 42,557	$ -	$ 42,557	4.00%	$ 1,702
24	343	Tools and Work Equipment	$ -	$ -	$ -	5.00%	$ -
25	344	Laboratory Equipment	$ -	$ -	$ -	10.00%	$ -
26	345	Power Operated Equipment	$ 2,083	$ -	$ 2,083	5.00%	$ 104
27	346	Communications Equipment	$ -	$ -	$ -	10.00%	$ -
28	347	Miscellaneous Equipment	$ 422	$ -	$ 422	10.00%	$ 42
29	348	Other Tangible Plant	$ -	$ -	$ -	10.00%	$ -
30		Total Plant	$ 4,233,102	$ 1,284,695	$ 2,948,407		$ 145,513
31							
32		Composite Depreciation Rate (Depr Exp / Depreciable Plant):	4.94%				
33		CIAC:	$ 278,641				
34		Amortization of CIAC (Line 32 x Line 33):	$ 13,752				
35							
36		Depreciation Expense Before Amortization of CIAC:	$ 145,513				
37		Less Amortization of CIAC:	$ 13,752				
38		**Test Year Depreciation Expense - Staff:**	**$ 131,761**				
39		Depreciation Expense - Company:	$ 139,461				
40		**Staff's Total Adjustment:**	**$ (7,700)**				

References:
Column [A]: Schedule JMM-4
Column [B]: From Column [A]
Column [C]: Column [A] - Column [B]
Column [D]: Engineering Staff Report
Column [E]: Column [C] x Column [D]

Pineview Water Company, Inc.
Docket No. W-01676A-08-0366
Test Year Ended December 31, 2008

Final Schedule JMM-16

OPERATING INCOME ADJUSTMENT NO. 5 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 675,251	$ 675,251
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	1,350,502	$ 1,350,502
4	Staff Recommended Revenue, Per Schedule JMM-W1	675,251	$ 715,431
5	Subtotal (Line 4 + Line 5)	2,025,753	2,065,933
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	675,251	$ 688,644
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	1,350,502	$ 1,377,289
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	1,350,502	$ 1,377,289
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	283,605	$ 289,231
15	Composite Property Tax Rate	9.6855%	9.6855%
16			$ -
17	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 27,469	
18	Company Proposed Property Tax	25,327	
19			
20	Staff Test Year Adjustment (Line 16-Line 17)	$ 2,142	
21	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 28,013
22	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 27,469
23	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 545
24			
25	Increase to Property Tax Expense		$ 545
26	Increase in Revenue Requirement		40,180
27	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.355970%

Pineview Water Company, Inc.
Docket No. W-01676A-08-0366
Test Year Ended December 31, 2008

Final Schedule JMM-17

OPERATING INCOME ADJUSTMENT NO. 5 - TEST YEAR INCOME TAXES

LINE NO.	DESCRIPTION		
1			
2			
3			
4	*Calculation of Income Tax:*		Test Year
5	Revenue (Schedule JMM-11)	$	675,251
6	Operating Expenses Excluding Income Taxes	$	617,456
7	Interest Expense	$	48,352
8	Arizona Taxable Income (L1 - L2 - L3)	$	9,443
9	Arizona State Income Tax Rate		6.9680%
10	Arizona Income Tax (L4 x L5)	$	658
11	Federal Taxable Income (L4 - L6)	$	8,785
12	Federal Tax on First Income Bracket ($1 - $50,000) @ 15%	$	1,318
13	Federal Tax on Second Income Bracket ($51,001 - $75,000) @ 25%	$	-
14	Federal Tax on Third Income Bracket ($75,001 - $100,000) @ 34%	$	-
15	Federal Tax on Fourth Income Bracket ($100,001 - $335,000) @ 39%	$	-
16	Federal Tax on Fifth Income Bracket ($335,001 -$10,000,000) @ 34%	$	-
17	Total Federal Income Tax	$	1,318
18	Combined Federal and State Income Tax (L44 + L51)	$	1,976
19			
26			
27	Income Tax - Per Staff	$	1,976
28	Income Tax - Per Company	$	45
29	**Staff Adjustment**	**$**	**1,931**

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8x3/4" Meter	$ 17.93	$ 17.93	$ 18.00
3/4" Meter	27.00	27.00	27.00
1" Meter	49.00	49.00	45.00
11/2" Meter	92.00	92.00	90.00
2" Meter	145.00	145.00	144.00
3" Meter	285.00	285.00	288.00
4" Meter	448.25	448.25	450.00
6" Meter	896.50	896.50	900.00
8" Meter	1,793.00	1,793.00	1,440.00
10" Meter	2,689.50	2,689.50	2,070.00
Commodity Rates per 1,000 Gallons (Residential, Commercial, Industrial)			
5/8 by 3/4 Inch Meter and 3/4 Inch Meter			
0 gallons to 3,000 gallons	$ 3.10	$ 3.10	$ 2.75
3,001 gallons to 20,000 gallons	3.66	3.66	N/A
Over 20,000 gallons	4.20	4.20	N/A
3,001 gallons to 10,000 gallons	N/A	N/A	4.00
Over 10,000 gallons	N/A	N/A	4.90
1 Inch Meter			
0 gallons to 30,000 gallons	3.10	3.10	N/A
30,001 gallons to 75,000 gallons	3.66	3.66	N/A
Over 75,000 gallons	4.20	4.20	N/A
0 gallons to 24,000 gallons	N/A	N/A	4.00
Over 24,000 gallons	N/A	N/A	4.90
1.5 Inch Meter			
0 gallons to 50,000 gallons	3.10	3.10	N/A
50,001 gallons to 100,000 gallons	3.66	3.66	N/A
Over 100,000 gallons	4.20	4.20	N/A
0 gallons to 65,000 gallons	N/A	N/A	4.00
Over 65,000 gallons	N/A	N/A	4.90
2 Inch Meter			
0 gallons to 120,000 gallons	3.10	3.10	N/A
120,001 gallons to 250,000 gallons	3.66	3.66	N/A
Over 250,000 gallons	4.20	4.20	N/A
0 gallons to 113,000 gallons	N/A	N/A	4.00
Over 113,000 gallons	N/A	N/A	4.90
3 Inch Meter			
0 gallons to 150,000 gallons	3.10	3.10	N/A
150,001 gallons to 250,000 gallons	3.66	3.66	N/A
Over 250,000 gallons	4.20	4.20	N/A
0 gallons to 240,000 gallons	N/A	N/A	4.00
Over 240,000 gallons	N/A	N/A	4.90
4 Inch Meter			
0 gallons to 150,000 gallons	3.10	3.10	N/A
150,001 gallons to 250,000 gallons	3.66	3.66	N/A
Over 250,000 gallons	4.20	4.20	N/A
0 gallons to 385,000 gallons	N/A	N/A	4.00
Over 385,000 gallons	N/A	N/A	4.90
6 Inch Meter			
0 gallons to 150,000 gallons	3.10	3.10	N/A
150,001 gallons to 250,000 gallons	3.66	3.66	N/A
Over 250,000 gallons	4.20	4.20	N/A
0 gallons to 795,000 gallons	N/A	N/A	4.00
Over 795,000 gallons	N/A	N/A	4.90
8 Inch Meter			
0 gallons to 150,000 gallons	3.10	3.10	N/A
150,001 gallons to 250,000 gallons	3.66	3.66	N/A
Over 250,000 gallons	4.20	4.20	N/A
0 gallons to 1,285,000 gallons	N/A	N/A	4.00
Over 1,285,000 gallons	N/A	N/A	4.90

RATE DESIGN (CONTINUED)

	Present Rates		Staff Recommended Rates		
10 Inch Meter					
0 gallons to 150,000 gallons	$ 3.10	$ 3.10			N/A
150,001 gallons to 250,000 gallons	3.66	3.66			N/A
Over 250,000 gallons	4.20	4.20			N/A
0 gallons to 1,850,000 gallons	N/A	N/A			$ 4.00
Over 1,850,000 gallons	N/A	N/A			4.90
Construction Water - All Usage per 1,000 Gallons	4.75	4.75			4.90

Service Line and Meter Installation Charges			Staff Service Line Charge	Staff Meter Installation Charge	Total Staff Charge
5/8" x 3/4" Meter	$ 475.00	$ -	$ -	$ -	$ -
3/4" Meter	550.00	-	-	-	$ -
1" Meter	650.00	-	-	-	$ -
1½" Meter	900.00	-	-	-	$ -
2" Turbine Meter	1,550.00	-	-	-	$ -
2" Compound Meter	2,300.00	-	-	-	$ -
3" Turbine Meter	2,200.00	-	-	-	$ -
3" Compound Meter	3,100.00	-	-	-	$ -
4" Turbine Meter	3,600.00	-	-	-	$ -
4" Compound Meter	4,400.00	-	-	-	$ -
6" Turbine Meter	6,200.00	-	-	-	$ -
6" Compound Meter	7,900.00	-	-	-	$ -
8" Turbine Meter	7,543.00	-	-	-	$ -
8" Compound Meter	7,980.00	-	-	-	$ -
10" Turbine Meter	9,629.00	-	-	-	$ -
10" Compound Meter	11,278.00	-	-	-	$ -
Service Charges					
Establishment - Regular Hours	$ 20.00	$ 20.00			$ 20.00
Establishment (After Hours)	35.00	35.00			35.00
Re-Establishment Fee (Within 12 Months)	*	*			*
Re-Connection of Service - Regular Hours	15.00	15.00			15.00
Re-Connection of Service - After Hours	30.00	30.00			30.00
Water Meter Test - If Correct	20.00	20.00			20.00
Water Meter Relocation at Customer Request	Cost (1)	Cost (1)			Cost (1)
Meter Re-read (if Correct)	**	15.00			15.00
NSF Check Charge	25.00	25.00			25.00
Late Charge	1.50%	1.50%			1.50%
Deferred Payment Finance Charge	1.50%	1.50%			1.50%
Service Calls - Regular Hours	No Charge	No Charge			No Charge
Service Calls - After Hours	$ 25.00	$ 25.00			$ 25.00
Deposits Requirements	***	***			***
Deposit Interest	6%	6%			6%

* Months off system times the monthly minimum per Commission rule A.A.C. R14-2-403(D).
** Per Commission rule A.A.C. R14-2-408(C).
*** Per Commission rule A.A.C. R14-2-403(B).

Note:
(1) Cost Includes Materials, Labor and Overheads

Pineview Water Company, Inc.
Docket No. W-01676A-08-0366
Test Year Ended March 31, 2008

Final Schedule JMM-19

Typical Bill Analysis
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	3,944	$ 30.69	$ 30.69	$ -	0.00%
Median Usage	2,139	24.56	24.56	$ -	0.00%
Staff Recommended					
Average Usage	3,944	$ 30.69	$ 30.03	$ (0.66)	-2.15%
Median Usage	2,139	24.56	23.88	$ (0.68)	-2.76%

Present & Proposed Rates (Without Taxes)
General Service 5/8 x 3/4-Inch Meter

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	$ 17.93	$ 17.93	0.00%	$ 18.00	0.39%
1,000	21.03	21.03	0.00%	20.75	-1.33%
2,000	24.13	24.13	0.00%	23.50	-2.61%
3,000	27.23	27.23	0.00%	26.25	-3.60%
4,000	30.89	30.89	0.00%	30.25	-2.07%
5,000	34.55	34.55	0.00%	34.25	-0.87%
6,000	38.21	38.21	0.00%	38.25	0.10%
7,000	41.87	41.87	0.00%	42.25	0.91%
8,000	45.53	45.53	0.00%	46.25	1.58%
9,000	49.19	49.19	0.00%	50.25	2.15%
10,000	52.85	52.85	0.00%	54.25	2.65%
11,000	56.51	56.51	0.00%	59.15	4.67%
12,000	60.17	60.17	0.00%	64.05	6.45%
13,000	63.83	63.83	0.00%	68.95	8.02%
14,000	67.49	67.49	0.00%	73.85	9.42%
15,000	71.15	71.15	0.00%	78.75	10.68%
16,000	74.81	74.81	0.00%	83.65	11.82%
17,000	78.47	78.47	0.00%	88.55	12.85%
18,000	82.13	82.13	0.00%	93.45	13.78%
19,000	85.79	85.79	0.00%	98.35	14.64%
20,000	89.45	89.45	0.00%	103.25	15.43%
25,000	110.45	110.45	0.00%	127.75	15.66%
30,000	131.45	131.45	0.00%	152.25	15.82%
35,000	152.45	152.45	0.00%	176.75	15.94%
40,000	173.45	173.45	0.00%	201.25	16.03%
45,000	194.45	194.45	0.00%	225.75	16.10%
50,000	215.45	215.45	0.00%	250.25	16.15%
75,000	320.45	320.45	0.00%	372.75	16.32%
100,000	425.45	425.45	0.00%	495.25	16.41%

FINANCIAL ANALYSIS

Selected Financial Information
Pro forma Includes Immediate Effects of the Proposed Long-term Debt

		[A][1] *12/31/2008* *Staff Adjusted Test Year Operating Results Without New WIFA Loan*	[B][2] *Pro Forma* *With Staff Recommended Operating Income And WIFA Approved Loan Amount* *Pro Forma*
1	Operating Income (Less Interest Expense)	$ 53,842	$ 76,893
2	Depreciation Expense	131,761	131,761
3	Income Tax Expense	1,976	10,268
4	Interest Expense	48,352	50,168
5	Principal Repayment	88,560	94,815
6			
7	**TIER & DSC Calculation**		
8			
9	**TIER**		
10	[1+3] ÷ [4]	1.15	1.74
11	**DSC**		
12	[1+2+3] ÷ [4+5]	**1.37**	**1.51**
13			
14			

17 [1] Column [A] is based on Staff's Adjusted Test Year Operting Results
18 [2] Column [B] is modified to reflect the interest expense of the new WIFA Loan in the amount of $142,000
19 amortized for 19.5 years at 1.3050%, which the Company started paying on February 1st, 2010.
20
21